UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

IN RE ALTA MESA RESOURCES, INC. SECURITIES LITIGATION

CASE NO. 4:19-CV-00957

(CONSOLIDATED)

JUDGE GEORGE C. HANKS, JR.

THIS DOCUMENT RELATES TO:

CASE NO. 4:22-CV-01189 CASE NO. 4:22-CV-02590

THE DIRECT ACTION PLAINTIFFS' MOTION TO EXCLUDE THE TESTIMONY OF PROFESSOR AUDRA L. BOONE, PH.D.

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NATURE AND STAGE OF THE PROCEEDING

These cases arise from the collapse of Alta Mesa, an unltibillion dollar E&P venture that shockingly fell apart almost as soon as it went public. The Alyeska Plaintiffs and the Orbis Plaintiffs were two of the largest investors in Alta Mesa and suffered tremendous economic harm as a result of Defendants' fraud. In support of their securities fraud claims against Defendants, the Direct Action Plaintiffs have proffered the expert testimony of Dr. Zachary Nye, Ph.D. ("Nye"), who offers opinions on the issues of market efficiency, economic materiality, proximate cause, loss causation, and damages. In rebuttal, Defendants Donald Dimitrievich, William McMullen, HPS, and Bayou City have proffered the testimony of Professor Audra L. Boone, Ph.D. ("Boone"), who purports to opine on the issues of loss causation and damages. The Direct Action Plaintiffs now move to exclude the testimony of Boone because: (1) she is unqualified to testify about the specific subject matter on which she is offering an opinion; (2) her opinions would not be helpful to the jury; and (3) her opinions do not apply *any* methodology, let alone a *reliable* one.

STATEMENT OF ISSUES TO BE RULED UPON

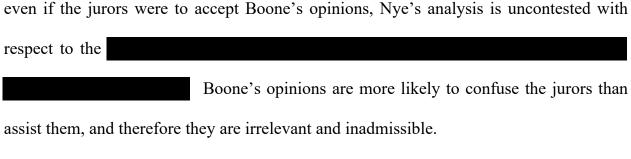
The issues to be ruled upon are: (1) whether Boone's testimony should be excluded because she is unqualified to testify about the specific subject matters on which she is

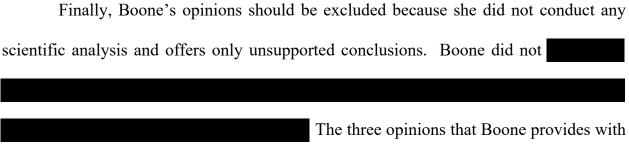
¹ Party names and other relevant terms are defined in Appendix A, submitted herewith. Citations to "Ex." are to the exhibits to the Declaration of Lawrence M. Rolnick in Support of the Direct Action Plaintiffs' Motion to Exclude the Testimony of Professor Audra L. Boone, Ph.D. ("Rolnick Declaration"), submitted herewith. Citations to the "Nye Rpt." are to the Expert Report of Zachary Nye, Ph.D., dated August 31, 2023, and attached as Ex. 3 to the Rolnick Declaration. Citations to the "Boone Rpt." are to the Expert Report of Professor Audra L. Boone, Ph.D., dated October 19, 2023, and attached as Ex. 4 to the Rolnick Declaration. Citations to "Boone Dep." are to the transcript of the deposition of Audra L. Boone, Ph.D., taken on November 16, 2023, and attached as Ex. 5 to the Rolnick Declaration.

offering an opinion; (2) whether Boone's testimony should be excluded because her opinions would not be helpful to the jury; and (3) whether Boone's testimony should be excluded because her opinions are not reliable.

SUMMARY OF THE ARGUMENT

Boone's testimony should be excluded because she is not a qualified loss causation
or damages expert. Although Boone is a professor of finance,
Indeed, her lack of qualifications in these
areas were highlighted in deposition, when Boone testified
Boone is not
qualified to render the opinions she is offering.
Even if Boone were a qualified loss causation and damages expert – and she is not
- her testimony should be excluded because it would not help the jury understand the
evidence or determine a fact in issue. Boone's opinions address
; they do not address
; and they apply
to only Thus





respect to Nye are unsupported by any testable or replicable scientific basis. If Boone's testimony is admitted, the jury will not be left with two competing explanations to weigh, but instead will have to compare Nye's reasoned analysis against Boone's *ipse dixit*. Boone's subjective testimony should be excluded as unreliable.

STATEMENT OF FACTS AND PROCEDURAL HISTORY

A. Overview of Defendants' Securities Fraud

Alta Mesa's staggeringly quick collapse was the result of Defendants' securities fraud. The company began as a SPAC, Silver Run II, that was formed by a private equity firm, Riverstone, in March 2017. On February 9, 2018, following a lengthy investor roadshow, Silver Run II merged with AMH, an upstream oil and gas production company, and Kingfisher, a midstream gathering and processing company, to form AMR. To solicit approval of that transaction, Silver Run II issued a proxy statement on January 19, 2018,

which included financial projections for AMH and Kingfisher.² Following issuance of the Proxy Statement, on February 6, 2018, Silver Run II shareholders voted to approve the transaction, which closed on February 9, 2018.

Alta Mesa's core promise to investors was to embark on a drilling program that would yield at least 4,196 wells across its STACK acreage (plus upside to reach as many as 12,133 wells), with those wells averaging Alta Mesa's "type curve" EUR of 250 MBO. This projection was based on twelve wells per section and sometimes more. Such a program would, in turn, feed – together with a purportedly robust third-party business – AMR's midstream segment, which might then spin off at an attractive multiple.³

Un	beknownst	to investors	,			
	4	1				
			5	5		

Another problem was KFM's third-party business. Rather than the robust system of third-party contractual relationships that Alta Mesa had represented to investors, KFM's prospects

² See generally Ex. 6.

³ See generally Ex. 7; see id. at pp. 14, 25, 30, 54; Ex. 8 (stating, in footnotes to NAV shown on slide 14 of Ex. 7, that the NAV "[r]eflects Generation 2.0 Type Curve.").

⁴ See Ex. 9 at AMR SDTX01825621.

⁵ See Ex. 10.

⁶ As AMR's upstream segment failed to produce the volumes it promised based on its own overly-aggressive assumptions, KFM – lacking any other source of hydrocarbon volumes except those they fictitiously modeled – also saw its value quickly evaporate.

Alta Mesa also did not have the robust system of internal controls to prevent fraud that Defendants certified it had. Despite telling investors that they had established effective internal controls over financial reporting and vigorous disclosure controls and procedures, Defendants were able to blatantly lie to the market completely unchecked.

Thirteen months after the Merger, on February 25, 2019, Alta Mesa wrote down the value of its business by *\$3.1 billion* – representing over 80% of the value ascribed to it in the Merger – and admitted to ineffective internal controls over financial reporting.⁷ On September 11, 2019, the company filed for bankruptcy.

B. Defendants Make Materially False and Misleading Statements in the 2017 10-K

Once Defendants convinced the Direct Action Plaintiffs and others to vote in favor of the Merger and not redeem, investors looked to AMR's first release of results to confirm the attractiveness of the investment. On March 29, 2018, AMR did so, announcing its financial results for the fourth quarter of 2017 and the full-year 2017 on a Form 10-K filed with the SEC.⁸

⁶ See Ex. 11 at AMR SDTX00686799.

⁷ Its auditors later confirmed that AMR had various material weaknesses in its internal controls over financial reporting as of December 31, 2018. *See* Alta Mesa's Annual Report on Form 10-K for the Year Ended December 31, 2018, dated May 17, 2019, at pp. 25, 103-05, *available at* https://www.sec.gov/Archives/edgar/data/1518403/000151840319000021/altms_20181231x10k.htm.

⁸ See Ex. 12 ("2017 10-K") at 53, F-1 – F-6.

The disclosures in the 2017 10-K were materially false or misleading. In addition to disclosing Alta Mesa's financial results for the fourth quarter and full year 2017, the 2017 10-K contained "risk factors" applicable to Alta Mesa's business. This included risk factors specific to Alta Mesa's upstream business ("Upstream Risk Disclosures") and risks specific to its midstream business ("Midstream Risk Disclosures").⁹ The Upstream Risk Disclosures were materially false and misleading because they failed to disclose that Alta Mesa possessed internal data contradicting the feasibility of its drilling program, including data related to well spacing and parent-child well interference. The Midstream Risk Disclosures were materially false and misleading because they failed to disclose that Alta Mesa was projecting third-party business that it not only did not have under contract, but also had no reasonable basis to assume would come under contract in the future. The 2017 10-K was further misleading in that it contained a statement that AMR's CEO and CFO concluded that AMR's "disclosure controls and procedures . . . were effective" ("Internal Control Disclosures"), when they were not.¹⁰

Following Alta Mesa's publication of the 2017 10-K, Alyeska and Orbis purchased AMR common stock in reliance on the 10-K misstatements, and also held AMR common stock when they could have sold. As the truth about Defendants' fraud slowly and partially was disclosed to the market, Alta Mesa's stock price cratered, and Alyeska and Orbis suffered significant damages.

⁹ 2017 10-K at 6-43 (All Risk Factors); *id.* at 13-36 ("Risks Related to Our E&P Business"); *id.* at 37-43 ("Risks Related to Our Midstream Business").

¹⁰ 2017 10-K at 66.

Alyeska and Orbis filed actions against Defendants asserting claims under Sections 10(b), 14(a), 18, and 20(a) of the Exchange Act, as well as under Texas statutory and common law. With respect to Defendants Dimitrievich and McMullen specifically, Alyseska and Orbis allege that by signing the 2017 10-K, Dimitrievich and McMullen made the false and misleading Upstream Risk Disclosures, Midstream Risk Disclosures, and Internal Control Disclosures in the 10-K. 12

C. Nye's Expert Opinions

The Direct Action Plaintiffs' market efficiency, economic materiality, proximate cause, loss causation, and damages expert is Dr. Zachary Nye, who is Vice President of the highly esteemed Stanford Consulting Group. Nye holds a bachelor's degree in economics from Princeton University, a master's degree in finance from the London Business School, and a Ph.D. in finance from the University of California, Irvine. Nye has provided expert testimony in over forty cases involving securities fraud or valuation. Nye has been accepted by courts across the country as an expert on the issues of loss causation and damages. *See, e.g., Mauss v. NuVasive, Inc.*, 2018 WL 656036, at *6 (S.D. Cal. Feb. 1, 2018) (permitting Nye to testify as to loss causation and damages); *In re Ocwen Fin. Corp. Sec. Litig.*, 2017 WL 11680400, at *1 (S.D. Fla. June 21, 2017) (same).

Nye applied the preeminent methodology relied upon by courts to determine whether the Direct Action Plaintiffs can establish loss causation – an "event study" using

¹¹ Ex. 1 ¶¶ 398-465; Ex. 2 ¶¶ 323-77.

¹² Ex. 1 ¶¶ 43-44, 184-87, 222-27, 239-40; Ex. 2 ¶¶ 34-35, 175-78, 206-11, 223-24. The Direct Action Plaintiffs do not assert claims under Section 14(a) against Defendants Dimitrievich and McMullen because they did not sign the Proxy.

¹³ Nye Rpt. at Ex. 1.

a statistical "regression analysis" to determine whether Defendants' misrepresentations, as alleged in the Complaints, caused losses suffered by Plaintiffs. Nye carefully examined each Plaintiff's Complaint to determine the scope of the alleged fraud.¹⁴ Nye Nye An event study is a well-accepted scientific, statistical methodology for measuring the impact of information on market prices.¹⁹

¹⁴ Nye Rpt. ¶¶ 61-70.

¹⁵ *Id.* ¶¶ 71-80.

 $^{^{16}}$ Id. at ¶¶ 84-87.

¹⁷ See id. ¶¶ 88-153.

¹⁸ *Id.* ¶ 196.

¹⁹ *Id.* ¶ 84.

²⁰ See, e.g., id. ¶ 111 & Ex. 11A.

21 Nye then
22
For each day on which Nye Nye
for each corrective event, Nye was able to opine, with a reasonable degree of economic
certainty, the amount of loss caused by Defendants' fraud on a particular day. Applying
this methodology, Nye
24
Nye's loss causation analysis

²¹ Nye Rpt. ¶ 85. ²² See id. ¶ 54. ²³ Id. ¶ 86. ²⁴ Id. ¶ 88. ²⁵ Id. ¶ 166.

Nye
26
Pulling artificial inflation back to the start of the relevant period at a
constant amount to calculate damages – — is commonly referred to as the
"constant dollar" approach.
To calculate each Plaintiff's damages under Section 10(b) and Section 18, Nye
28
²⁹ For Plaintiffs' state law
claims, Nye
³⁰ For the holder claims under state
common law, Nye applied one of three different methodologies. ³¹ A summary of the Direct

²⁶ Nye Rpt. ¶ 166. ²⁷ *Id.* ¶ 168. ²⁸ *Id.* ¶¶ 7, 172. ²⁹ *Id.* ¶ 172. ³⁰ *Id.* ¶¶ 184, 188. ³¹ *Id.* ¶¶ 185-87.

Action Plaintiffs' damages, as calculated by Nye and applying the different methodologies, is set forth in paragraphs 192 and 193 of Nye's report.

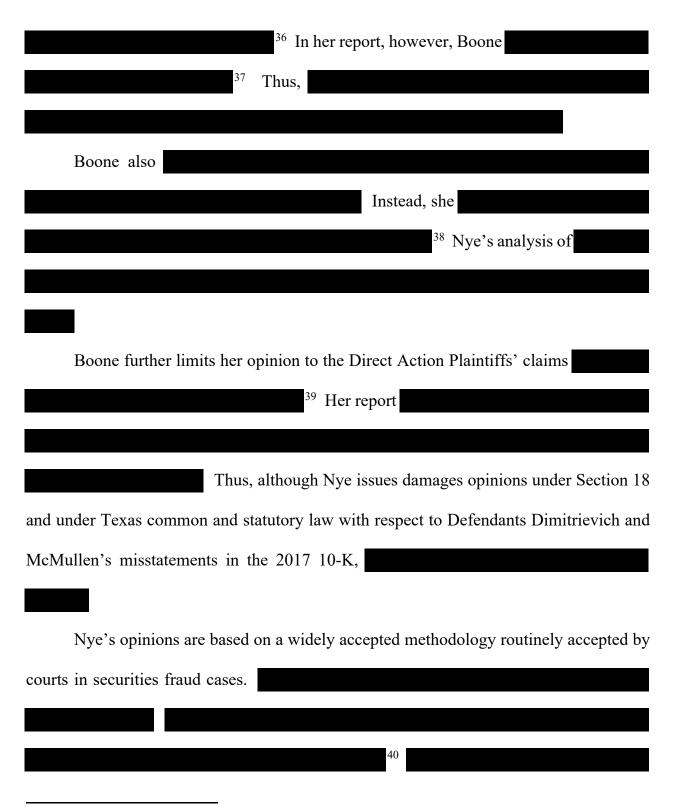
D. **Boone's Deficient Rebuttal**

Defendants Dimitrievich, McMullen, HPS, and Bayou City retained Professor Audra Boone to offer rebuttal opinions to Nye's expert testimony on loss causation and damages for some of the misstatements made by Dimitrievich and McMullen. Although Boone has a Ph.D. in finance and teaches classes in that field at Texas Christian University,³² When asked to state her expertise, Boone testified In response to questions about the damages methodology Nye applies, Boone testified that Boone does not challenge Nye's opinions with respect to Nye's opinions about damages cover three sets of misrepresentations made by Dimitrievich and McMullen in the 2017 10-K:

Boone Rpt. App'x A.Boone Dep. at 263:15-264:3.

³⁴ *Id.* at 234:18-235:10.

³⁵ *Id.* at 264:16-266:11.

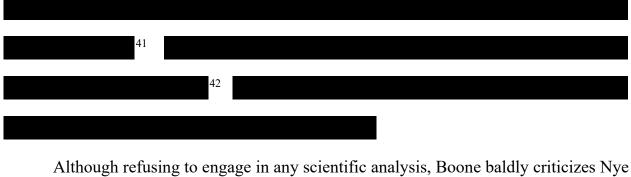


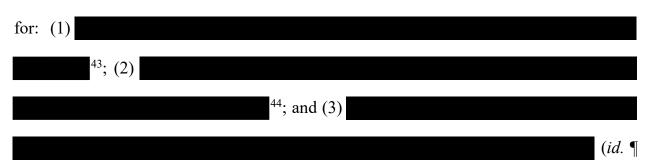
³⁶ See Nye Rpt. ¶ 64 at pp. 38-39, ¶ 65 at p. 42, ¶ 68. ³⁷ Boone Rpt. ¶¶ 23, 32.

³⁸ Boone Dep. at 298:25-301:19.

³⁹ Boone Rpt. ¶ 32.

⁴⁰ Boone Dep. at 271:22-273:11.





43).⁴⁵ As explained below, these opinions should be excluded for a number of reasons.

LEGAL STANDARD

The admissibility of expert testimony is governed by Rule 702 of the Federal Rules of Evidence. Rule 702 provides that:

A witness who is qualified as an expert by knowledge, skill, experience, training, or education may testify in the form of an opinion or otherwise if:

- (a) the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;
- (b) the testimony is based on sufficient facts or data;
- (c) the testimony is the product of reliable principles and methods; and
- (d) the expert's opinion reflects a reliable application of the principles and methods to the facts of the case.

⁴¹ Boone Dep. at 273:12-25.

⁴² *Id.* at 281:20-285:13.

⁴³ Boone Rpt. ¶¶ 34-38.

⁴⁴ *Id.* ¶¶ 41-42.

⁴⁵ *Id*. ¶ 43.

Rule 702 and the Supreme Court's jurisprudence in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), and *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137 (1999), charge courts with the responsibility of acting as "gatekeepers" to exclude unqualified, irrelevant, or unreliable expert testimony.

The proponent of an expert bears the burden of demonstrating that the expert is qualified, that her methodology is reliable, and that her testimony will assist the trier of fact. *See Moore v. Ashland Chem. Inc.*, 151 F.3d 269, 276 (5th Cir. 1998) (en banc). To allow a witness to testify as an expert, the Court "must be assured that the proffered witness is qualified to testify by virtue of his knowledge, skill, experience, training or education." *United States v. Cooks*, 589 F.3d 173, 179 (5th Cir. 2009). For the expert's testimony to be relevant, it must assist the trier of fact to understand the evidence or to determine a fact in issue. *See Knight v. Kirby Inland Marine, Inc.*, 482 F.3d 347, 352 (5th Cir. 2007). Furthermore, "the expert's testimony must be reliable at each and every step or else it is inadmissible." *Id.* at 355.

ARGUMENT

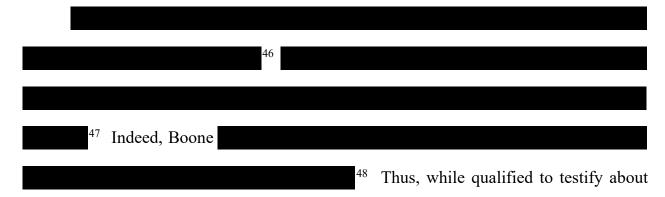
I. BOONE IS NOT QUALIFIED

Boone is not a loss causation or damages expert. Although Boone is a professor of finance, that does not qualify her to testify on the specific subject matters of loss causation and damages in a securities fraud case,

"A district court should refuse to allow an expert witness to testify if it finds that the witness is not qualified to testify in a *particular* field or on a *given* subject." *Wilson v. Woods*, 163

F.3d 935, 937 (5th Cir. 1999) (emphasis added); *see*, *e.g.*, *id.* at 938 (holding that general

scientific background of mechanical engineer did not qualify him to testify in the specific area of automobile accident reconstruction); Weiser-Brown Operating Co. v. St. Paul Surplus Lines Ins. Co., 801 F.3d 512, 529-30 (5th Cir. 2015) (holding that in-house risk manager for insured companies lacked experience and knowledge to testify about whether insurance adjuster acted in bad faith); Cooks, 589 F.3d at 180 (holding that certified fraud examiner was not qualified to testify as an expert in mortgage fraud because he had never been qualified as a mortgage fraud expert and was "seemingly unaware of basic statutes and literature" governing mortgage fraud); Smith v. Goodyear Tire & Rubber Co., 495 F.3d 224, 227 (5th Cir. 2007) (holding that polymer scientist was not qualified to testify about cause of tire failure because he did not have specific expertise with tire treads); Tanner v. Westbrook, 174 F.3d 542, 548 (5th Cir. 1999) (holding that doctor who was qualified to testify about standard of care did not have specialized expertise necessary to testify about causes of condition).

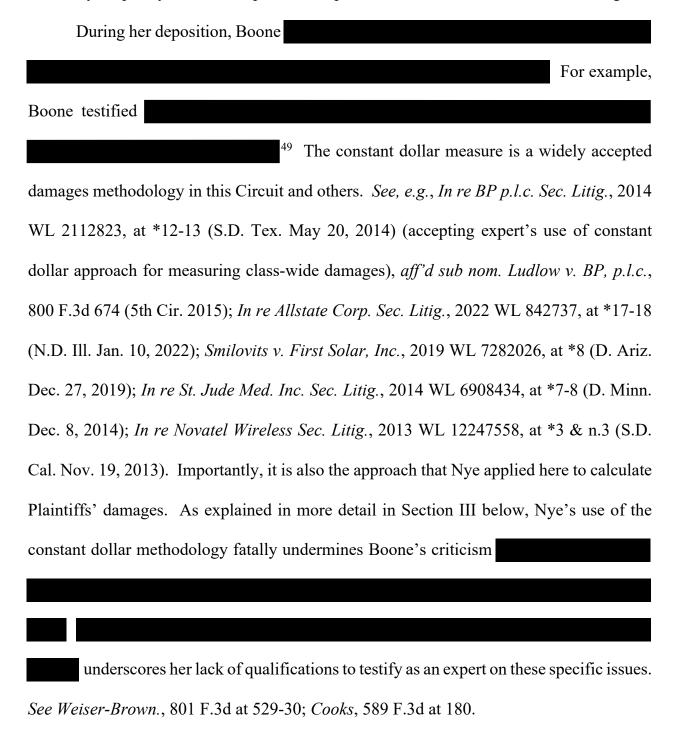


⁴⁶ Boone Dep. at 263:15-264:3.

⁴⁷ See Boone Rpt. App'x A.

⁴⁸ Boone Dep. at 234:18-235:10 (

corporate finance and economics generally, Boone lacks the training and experience necessary to qualify her as an expert in the specific areas of loss causation and damages.



⁴⁹ Boone Dep. at 264:16-266:11.

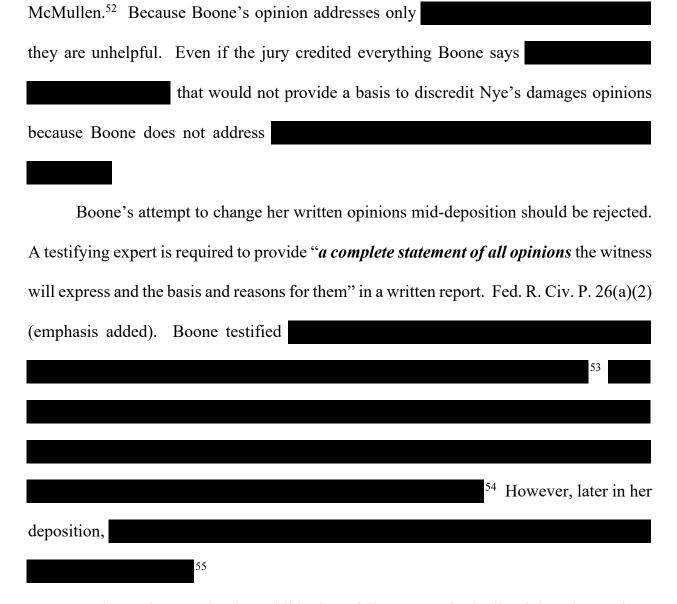
Boone's testimony should be excluded not only because she is unqualified, but also

II. BOONE'S OPINIONS ARE IRRELEVANT

because it would not be helpful to the jury. To be admissible, expert testimony must "help the trier of fact to understand evidence or to determine a fact in issue." Fed. R. Evid. 702. Boone's opinions address only a ; they do not address ; and they apply to only Thus, even if the jurors were to accept Boone's opinions, Nye's analysis is uncontested with respect Boone's testimony thus fails the relevancy prong of Rule 702 and *Daubert*. Boone appears to fundamentally misunderstand the scope of the claims that the Direct Action Plaintiffs assert against Dimitrievich and McMullen. Nye's opinions about damages cover three sets of misstatements made by Dimitrievich and McMullen in the ; (2) 2017 10-K: (1) : and ⁵⁰ In her report, however, Boone which the Direct Action Plaintiffs allege were materially false and misleading statements made by Defendants Dimitrievich and

⁵⁰ Nye Rpt. ¶ 64 at pp. 38-39, ¶ 65 at p. 42, ¶ 68.

⁵¹ Boone Rpt. ¶¶ 23, 32.



Such supplementation is prohibited. A failure to set forth all opinions in a written report can be excused only under "limited circumstances." *Diaz v. Con-Way Truckload*,

⁵² Boone Dep. at 244:36-246:10, 247:12-249:9.

(Boone Dep. at 244:36-249:9).

Boone Dep. at 29:13-16.

⁵⁴ *Id.* at 29:16-30:12.

⁵⁵ *Id.* at 129:8-25.

Inc., 279 F.R.D. 412, 421 (S.D. Tex. 2012). Supplementation is allowed only "when the party or expert learns the information previously disclosed is incomplete or incorrect in some material respect." Id. This means "correcting inaccuracies, or filling the interstices of an incomplete report based on information that was not available at the time of the *initial disclosure.*" *Id.* (emphasis in original). Boone's was not based on new information that was not available at the time of her report. ⁵⁶ Both of these pleadings are clear that the Upstream Risk Disclosures and the Midstream Risk Disclosures are alleged misrepresentations in the 2017 Form 10-K.⁵⁷ Thus, Boone's was an attempt to correct a disqualifying flaw in her written report without any new evidence or changed circumstances. That is not permitted. Even if one accepted Boone's improper supplementation, her opinions are still unhelpful to the jury because she does not opine Boone's opinions cover Specifically, ⁵⁸ Nye's analysis is uncontested by Boone. Thus, even if Boone's opinions did apply to

⁵⁶ Boone Rpt. App'x B.

⁵⁷ Ex. 1 ¶¶ 43-44, 184-87, 222-27, 239-40; Ex. 2 ¶¶ 34-35, 175-78, 206-11, 223-24.

⁵⁸ Boone Dep. at 298:25-301:19.

Her opinion would therefore not provide a basis for the jury to reject Nye's damages opinion.

Boone's opinions also are limited to the Direct Action Plaintiffs' claims under Section 10(b), which further renders her testimony irrelevant. The Direct Action Plaintiffs have asserted claims against Dimitrievich and McMullen under more than just Section 10(b) of the Exchange Act. They also bring claims against Dimitrievich and McMullen for their misstatements in the 2017 10-K under Section 18 of the Exchange Act, Texas statutory law, and Texas common law.⁵⁹

⁶⁰ Thus,

again, even if the jury credits Boone's opinions, they will not assist the jury in determining whether to award Plaintiffs damages. Boone's testimony therefore should be excluded as irrelevant.

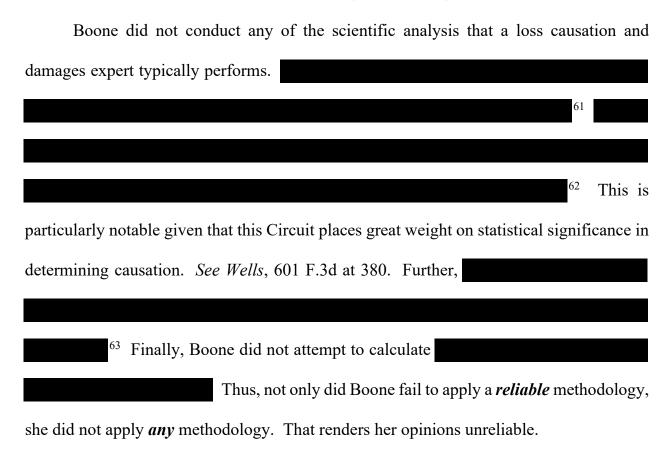
III. BOONE'S OPINIONS ARE UNRELIABLE

Another basis to exclude Boone's testimony is because she applies no reliable methodology, but rather simply offers unsupported conclusions. To be reliable, an opinion must be "scientifically valid." *Wells v. Smithkline Beecham Corp.*, 601 F.3d 375, 378 (5th Cir. 2010). "Factors that might inform whether testimony is reliable 'include whether the

 $^{^{59}}$ Ex. 1 $\P\P$ 410-17, 447-65; Ex. 2 $\P\P$ 335-42, 361-77.

⁶⁰ Boone Rpt. ¶ 32 & n.50.

expert's theory or technique: (1) can be or has been tested; (2) has been subjected to peer review and publication; (3) has a known or potential rate of error or standards controlling its operation; and (4) is generally accepted in the relevant scientific community." *United States v. Hodge*, 933 F.3d 468, 477 (5th Cir. 2019). An opinion based on the mere *ipse dixit* of an expert is inadmissible. *Guile v. United States*, 422 F.3d 221, 227 (5th Cir. 2005). "If an opinion is fundamentally unsupported, then it offers no expert assistance to the jury." *Viterbo v. Dow Chem. Co.*, 826 F.2d 420, 422 (5th Cir. 1987).



⁶¹ Boone Dep. at 271:22-273:11.

⁶² *Id.* at 273:12-25.

⁶³ *Id.* at 281:20-285:13.

The three opinions that Boone offers with respect to Nye are all conclusory assertions unsupported by any testable or replicable scientific basis. *First*,

64 Boone does not cite any support for imposing such a requirement on Nye. And for good reason. Nye is applying the constant dollar methodology to calculate damages, which does not involve

The constant dollar approach is based on a "price maintenance" theory that Defendants' misstatements maintained artificial inflation in the stock price because they did not disclose the truth. All that is required under the constant dollar approach is to measure the inflation that left the stock price as the truth was disclosed, which is then pulled back to each misstatement. *See BP*, 2014 WL 2112823, at *9 ("[C]ase law reflects a long-standing and widespread practice of measuring the stock price impact of a given misstatement *by implication* from the stock price decline caused by the misstatement's disclosure." (emphasis in original).) As explained by the Court of Appeals:

To visualize this approach, imagine a graph, with the x-axis measuring the date (starting when the misstatements were made and ending when after the last corrective event occurred) and the y-axis representing the scale of the price inflation. The inflation starts with some positive number and then – proceeding in a step-function – declines by a certain dollar amount after each corrective event is disclosed, eventually ending with zero. To calculate damages, plaintiffs need only to know the date they bought the shares

⁶⁴ Boone Rpt. ¶ 34-38.

⁶⁵ Boone Dep. at 264:16-266:11.

(measured on the x-axis), and then multiply the price inflation on that date by the total number of shares.

Ludlow, 800 F.3d at 684. This approach does not require calculating the particular amount of inflation "caused" by each misstatement – which would ignore the price maintenance theory that Nye used here. However, Boone forms a contrary opinion based purely on her own *ipse dixit*, unsupported by any authority from actual loss causation and damages experts. Her naked opinion is fundamentally unreliable.

66 But in

Second,

doing so Boone simply ignores the scientific analysis that Nye performed. Nye's event study statistically eliminated as the cause of the stock price drops any information unrelated to Alta Mesa, such as broader market or industry factors.⁶⁷ Having determined that the statistically significant price drops in Alta Mesa stock on February 25 and May 19 were related to company-specific news, Nye then carefully examined the news and disclosed information to determine whether any of the decline could be reasonably attributed, in his expert opinion, to anything that was not new, fraud-related information. And in his view, having carefully reviewed the news, Nye found that for both February 25 and May 19, the news partially revealed Defendants' fraud and that revelation was the cause of the stock price decline.⁶⁸

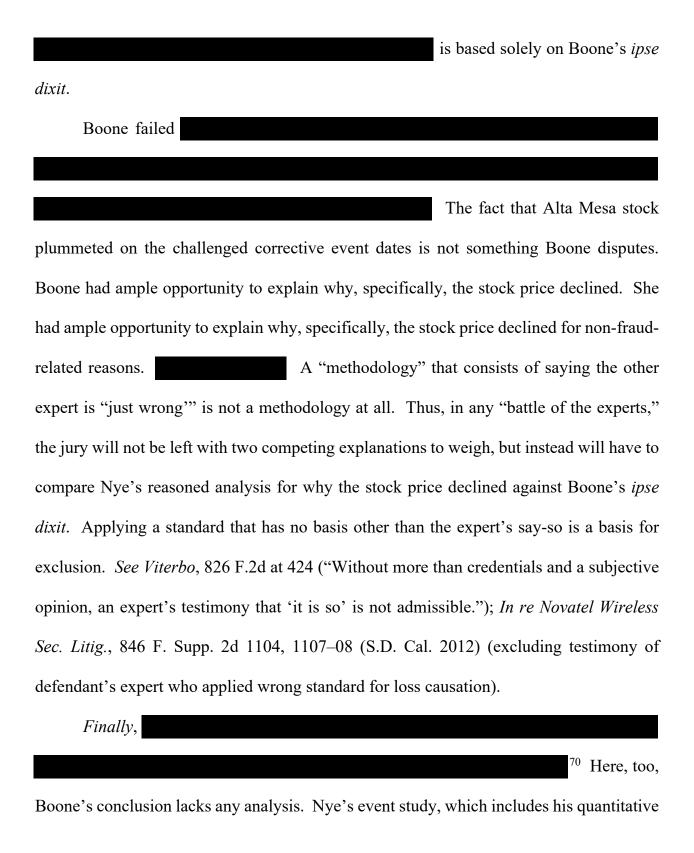
Boone's bald opinion that

⁶⁶ Boone Rpt. ¶¶ 41-42.

⁶⁷ Nye Rpt. ¶ 85.

⁶⁸ *Id.* ¶¶ 139-43, 154-58.

⁶⁹ *Compare* Boone Rpt. ¶ 41, *with* Nye Rpt. ¶ 135 n.275.



 $^{^{70}}$ Boone Rpt. \P 43.

regression analysis, scientifically demonstrates that the drop in the price of Alta Mesa stock on May 19 was caused by new, fraud-related, company-specific information. Boone did not

And she did not

Stripped of any scientific methodology, Boone's bald opinions are unreliable and should be excluded.

CONCLUSION

For the reasons set forth above, the Court should grant the Direct Action Plaintiffs' motion to exclude Boone's testimony.

Dated: December 22, 2023

Respectfully submitted,

By: /s/ Lawrence M. Rolnick

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 $^{^{71}}$ Nye Rpt. ¶¶ 154-58.

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CERTIFICATE OF SERVICE

I certify that on December 22, 2023, a true and correct copy of the foregoing

document was filed with the Clerk of Court using the CM/ECF system, which will send

electronic notification of such filing to all counsel of record.

/s/ Lawrence M. Rolnick

Lawrence M. Rolnick

CERTIFICATE OF CONFERENCE

I certify that on December 21, 2023, counsel for the Direct Action Plaintiffs

conferred with counsel for the parties that have retained Audra L. Boone, Ph.D. in this

matter regarding the substance of the relief requested herein. The relief requested herein

is opposed.

<u>/s/ Lawrence M. Rolnick</u>

Lawrence M. Rolnick

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APPENDIX A: GLOSSARY OF KEY TERMS, ENTITIES, AND PERSONS

In re Alta Mesa Resources, Inc. Securities Litigation

Term	Description
2017 10-K	Alta Mesa's Annual Report on Form 10-K for the Year
	Ended December 31, 2017, filed with the SEC on March
	29, 2018.
AMR	Alta Mesa Resources, Inc., the publicly traded post-de-
	SPAC company.
AMH	Alta Mesa Holdings, LP, the private pre-de-SPAC
	company.
Alta Mesa	Refers to AMR, including its subsidiaries, AMH and KFM,
	for the period after the Merger, and to AMH and/or Silver
	Run II for the period before the Merger.
Alyeska Complaint	Complaint of the Alyeska Plaintiffs (Dkt. 1 in 4:22-cv-01189).
Alyeska or Alyeska	Alyeska Master Fund, L.P., Alyeska Master Fund 2, L.P.,
Plaintiffs	and Alyeska Master Fund 3, L.P., which are investment
	funds managed by Alyeska Investment Group, L.P.
Bayou City	Bayou City Energy Management, LLC.
Company	Refers to Alta Mesa.
Complaints	The Alyeska Complaint and the Orbis Complaint,
	collectively.
Defendants	All Defendants in the Direct Actions.
Dimitrievich	Donald Dimitrievich.
Direct Actions	The civil actions pending before this Court filed by the
	Alyeska Plaintiffs and the Orbis Plaintiffs.
Direct Action	The Alyeska Plaintiffs and the Orbis Plaintiffs.
Plaintiffs or Plaintiffs	
E&P	Acronym for the oil and natural gas exploration and
	production industry.
EUR	Abbreviation for "Estimated Ultimate Recovery," meaning
	the anticipated total quantity of oil or gas that is potentially
	recoverable or has already been recovered from a reserve
	or well.
Exchange Act	The Securities and Exchange Act of 1934, 15 U.S.C. §
	78a et seq.
HPS	HPS Investment Partners, LLC.
KFM or Kingfisher	Kingfisher Midstream LLC, a midstream company that
	specialized in the gathering, processing, and marketing of

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	hydrocarbons from oil and gas producers that combined with Silver Run II in the de-SPAC.
MBO	Industry term for one-thousand barrels of oil.
McMullen	William McMullen.
Merger	The merger of Silver Run II with KFM and AMH on February 9, 2018.
NAV	Net asset value.
Orbis Complaint	Complaint of the Orbis Plaintiffs (Dkt. 1 in 4:22-cv-02590).
Orbis or Orbis Plaintiffs	Orbis Global Equity LE Fund (Australia Registered), Orbis Global Equity Fund (Australia Registered), Orbis Global Balanced Fund (Australia Registered), Orbis SICAV, Orbis Institutional Global Equity L.P., Orbis Global Equity Fund Limited, Orbis Institutional Funds Limited, Allan Gray Australia Balanced Fund, Orbis OEIC, and Orbis Institutional U.S. Equity L.P., which are investment funds managed by Orbis Investment Management (U.S.), L.P. or Orbis Investment Management Limited.
Proxy Statement	The proxy statement issued by Silver Run II in connection with the Alta Mesa de-SPAC, dated January 19, 2018.
PSLRA	Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u–4.
Riverstone	Riverstone Holdings, LLC and its affiliates Riverstone Investment Group LLC and Riverstone VI SR II Holdings, LP, the sponsor of Silver Run II.
SEC	United States Securities and Exchange Commission.
Silver Run II	Silver Run Acquisition Corporation II, the SPAC entity created by Riverstone that merged with KFM and AMH.
Schlumberger	Schlumberger Limited, the petrochemical engineering company that advised Alta Mesa.
SPAC	Acronym for "special purpose acquisition company."
STACK	Abbreviation for the oil exploration area in Oklahoma where AMH, KFM and AMR were focused.